



# House of Representatives

General Assembly

**File No. 644**

*January Session, 2001*

Substitute House Bill No. 6845

*House of Representatives, May 7, 2001*

The Committee on Appropriations reported through REP. DYSON of the 94th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING THE LOW INCOME ELDERLY AND DISABLED HOMEOWNERS PROPERTY TAX RELIEF PROGRAM.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 12-170aa of the general statutes is  
2 repealed and the following is substituted in lieu thereof:

3 (b) (1) The program established by this section shall provide for a  
4 reduction in property tax, except in the case of benefits payable as a  
5 grant under certain circumstances in accordance with provisions in  
6 subsection (j) of this section, applicable to the assessed value of certain  
7 real property, determined in accordance with subsection (c) of this  
8 section, for any owner of real property, or any tenant for life or tenant  
9 for a term of years liable for property tax under section 12-48, or any  
10 resident of a multiple-dwelling complex under certain contractual  
11 conditions as provided in [said] subsection (j) of this section, who (A)  
12 at the close of the preceding calendar year has attained age sixty-five  
13 or over, or whose spouse domiciled with such homeowner, has

14 attained age sixty-five or over at the close of the preceding calendar  
15 year, or is fifty years of age or over and the surviving spouse of a  
16 homeowner who at the time of [his] death had qualified and was  
17 entitled to tax relief under this section, provided such spouse was  
18 domiciled with such homeowner at the time of [his] death, or (B) at the  
19 close of the preceding calendar year has not attained age sixty-five and  
20 is eligible in accordance with applicable federal regulations to receive  
21 permanent total disability benefits under Social Security, or has not  
22 been engaged in employment covered by Social Security and  
23 accordingly has not qualified for benefits thereunder but who has  
24 become qualified for permanent total disability benefits under any  
25 federal, state or local government retirement or disability plan,  
26 including the Railroad Retirement Act and any government-related  
27 teacher's retirement plan, determined by the Secretary of the Office of  
28 Policy and Management to contain requirements in respect to  
29 qualification for such permanent total disability benefits which are  
30 comparable to such requirements under Social Security; and in  
31 addition to qualification under subparagraph (A) or (B) [above] of this  
32 subdivision, whose taxable and nontaxable income, the total of which  
33 shall hereinafter be called "qualifying income", in the tax year of such  
34 homeowner ending immediately preceding the date of application for  
35 benefits under the program in this section, was not in excess of sixteen  
36 thousand two hundred dollars, if unmarried, or twenty thousand  
37 dollars, jointly with spouse if married, subject to adjustments in  
38 accordance with subdivision (2) of this subsection, evidence of which  
39 income shall be required in the form of a signed affidavit to be  
40 submitted to the assessor in the municipality in which application for  
41 benefits under this section is filed. [The] In determining income for  
42 purposes of this section, (i) the amount of any Medicaid payments  
43 made on behalf of such homeowner or the spouse of such homeowner  
44 shall not constitute income, and (ii) the amount of any Medicare  
45 premiums paid by the homeowner or the spouse of such homeowner  
46 shall be deducted from income. The amount of tax reduction provided

47 under this section, determined in accordance with and subject to the  
48 variable factors in the schedule of amounts of tax reduction in  
49 subsection (c) of this section, shall be allowed only with respect to a  
50 residential dwelling owned by such qualified homeowner and used as  
51 such homeowner's primary place of residence. If title to real property  
52 or a tenancy interest liable for real property taxes is recorded in the  
53 name of such qualified homeowner or [his] the spouse of such  
54 homeowner making a claim and qualifying under this section and any  
55 other person or persons, the claimant hereunder shall be entitled to  
56 pay [his] such claimant's fractional share of the tax on such property  
57 calculated in accordance with the provisions of this section, and such  
58 other person or persons shall pay [his or their] the fractional share of  
59 the tax attributable to such person or persons without regard for the  
60 provisions of this section, unless also qualified hereunder. For the  
61 purposes of this section, a "mobile manufactured home", as defined in  
62 section 12-63a, or a dwelling on leased land, including but not limited  
63 to a modular home, shall be deemed to be real property and the word  
64 "taxes" shall not include special assessments, interest and lien fees.

65 (2) The amounts of qualifying income as provided in this section  
66 shall be adjusted annually in a uniform manner to reflect the annual  
67 inflation adjustment in Social Security income, with each such  
68 adjustment of qualifying income determined to the nearest one  
69 hundred dollars. Each such adjustment of qualifying income shall be  
70 prepared by the Secretary of the Office of Policy and Management in  
71 relation to the annual inflation adjustment in Social Security, if any,  
72 becoming effective at any time during the twelve-month period  
73 immediately preceding the first day of October each year and the  
74 amount of such adjustment shall be distributed to the assessors in each  
75 municipality not later than the thirty-first day of December next  
76 following.

77 (3) For purposes of determining qualifying income under  
78 subdivision (1) of this subsection with respect to a married homeowner

79 who submits an application for tax reduction in accordance with this  
 80 section, the Social Security income of the spouse of such homeowner  
 81 shall not be included in the qualifying income of such homeowner, for  
 82 purposes of determining eligibility for benefits under this section, if  
 83 such spouse is a resident of a health care or nursing home facility in  
 84 this state receiving payment related to such spouse under the Title XIX  
 85 Medicaid program. An applicant who is legally separated pursuant to  
 86 the provisions of section 46b-40, as of the thirty-first day of December  
 87 preceding the date on which such person files an application for a  
 88 grant in accordance with subsection (a) of this section, may apply as an  
 89 unmarried person and shall be regarded as such for purposes of  
 90 determining qualifying income under said subsection.

91 Sec. 2. Subsection (c) of section 12-170aa of the general statutes is  
 92 repealed and the following is substituted in lieu thereof:

93 (c) The amount of reduction in property tax provided under this  
 94 section shall, subject to the provisions of subsection (d) of this section,  
 95 be determined in accordance with the following schedule:

T1			Tax Reduction		
T2	Qualifying Income		As Percentage	Tax Reduction	
T3	Over	Not Exceeding	Of Property Tax	For Any Year	
T4	Married Homeowners			Maximum	Minimum
T5	\$ 0	\$11,700	50%	\$1,250	\$[400] <u>500</u>
T6	11,700	15,900	40	1,000	[350] <u>500</u>
T7	15,900	19,700	30	750	[250] <u>500</u>
T8	19,700	23,600	20	500	[150] <u>500</u>
T9	23,600	28,900	10	[250] <u>500</u>	[150] <u>500</u>
T10	28,900		None		
T11	Unmarried Homeowners				
T12	\$ 0	\$11,700	40%	\$1,000	\$[350] <u>500</u>
T13	11,700	15,900	30	750	[250] <u>500</u>

	<b>sHB6845</b>				<b>File No. 644</b>
T14	15,900	19,700	20	500	[150] <u>500</u>
T15	19,700	23,600	10	[250] <u>500</u>	[150] <u>500</u>
T16	23,600		None		

96       Sec. 3. This act shall take effect October 1, 2001, and shall be  
97 applicable to assessment years commencing on and after said date.

**FIN**       JOINT FAVORABLE SUBST. C/R                   APP

**APP**       JOINT FAVORABLE

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** Cost

**Affected Agencies:** Office of Policy and Management

**Municipal Impact:** None

**Explanation****State Impact:**

The bill results in an annual cost of \$4,850,000 - \$4,950,000 beginning in FY 03. The majority of this cost (\$4,500,000) is due to increasing the minimum benefit that participants may receive. The remainder (\$350,000 - \$450,000) is due to excluding Medicare premiums from the homeowner's income for purposes of program eligibility.

**Increasing the Minimum Benefit**

In FY 01, 43,695 individual participants received tax credits under the Low Income Elderly and Disabled Homeowners' Property Tax Relief (Circuit Breaker) program that the Office of Policy and Management (OPM) administers. Qualified homeowners in residence of real property receive tax credits to their property tax bills. Current law prescribes a schedule of benefits that is applied to participants based on their income and marital status: the maximum and minimum benefits are \$1,250 and \$150, respectively. Total program expenditures in FY 01 are \$20,522,290.

The bill revises the schedule of benefits by increasing the minimum tax credit to \$500 for all participants. At present, about half of the participants in the Circuit Breaker program receive tax credits that are less than \$500. The cost to increase the minimum benefit level is the difference between the cost to serve this population under the existing schedule of benefits and the revised schedule. It is estimated that this would cost the state \$4,500,000 annually, beginning in FY 03.<sup>1</sup>

It should be noted that approximately thirty participants have received less than the minimum amount due (\$150) under the existing schedule of benefits because the minimum tax credit exceeded their tax bills. As a matter of practice, local assessors do not issue, and OPM does not reimburse, tax credits that exceed the property tax due. It is expected that the number of participants that receive less than the minimum amount due under the revised schedule of benefits (\$500) would increase to about one hundred. This would have a negligible impact on the cost estimate of the bill.

***Excluding Medicare Premiums from Income Determinations***

The bill excludes Medicare premiums paid by homeowners from determining income eligibility. As a result, more homeowners would be eligible to participate in the program and some current participants could receive greater benefits as they are shifted to income brackets with higher maximum tax credits. It is anticipated that 1,250 - 1,500 current participants will move to different brackets and receive greater benefits (on average, \$250 more), and that 74 - 150 additional homeowners will participate in the program (each receiving the minimum \$500 benefit) as a result of the bill. The cost of this provision is estimated to be \$350,000 - \$450,000.

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<sup>1</sup> The effective date of the act is October 1, 2001. Local tax collectors would apply the revised schedule of tax credits to participants' real property tax bills issued during the twelve months after the effective date (which would include January 2002 and June 2002 real property tax bills). The state would reimburse municipalities for these tax credits in December 2002 from FY 03 appropriations.

**OLR BILL ANALYSIS**

sHB 6845

***AN ACT CONCERNING THE LOW INCOME ELDERLY AND DISABLED HOMEOWNERS PROPERTY TAX RELIEF PROGRAM.*****SUMMARY:**

The bill increases the minimum property tax reduction under the circuit breaker program for elderly and disabled homeowners to \$500. Under current law, minimums range from \$150 to \$400 for married couples and from \$150 to \$350 for singles, depending on income.

The bill also increases the maximum for eligible homeowners with higher qualifying incomes to \$500. Current maximums can be as low as \$250 for married couples and singles.

Finally, the bill excludes Medicare premiums the homeowner or his spouse pays from the homeowner's income for purposes of determining whether he is eligible for the program. Medicaid premium payments are already excluded.

The circuit breaker program provides a 10% to 50% state-reimbursed property tax reduction, depending on income, for low-income elderly and disabled homeowners. The program's income limits are adjusted annually to reflect Social Security increases. For program applications filed in 2001, the maximum qualifying income limits are \$24,500 for singles and \$30,000 for married couples.

**EFFECTIVE DATE:** October 1, 2001 and applicable to assessment years beginning on and after that date.

**MINIMUMS AND MAXIMUMS**

If the bill were in effect this year, the minimums and maximums shown below would apply:

Income	Minimum- Married	Minimum- Single	Maximum- Married	Maximum- Single
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Over	To	Current	The Bill	Current	The Bill	Current	The Bill	Current	The Bill
\$0	\$12,200	\$400	\$500	\$350	\$500	\$1,250	No change	\$1,000	No change
12,200	16,500	350	500	250	500	1,000	No change	750	No change
16,500	20,500	250	500	150	500	750	No change	500	No change
20,500	24,500	150	500	150	500	500	No change	250	\$500
24,500	30,000	150	500	0	0	250	\$500	0	0

For 2002 program applications applicable to the October 1, 2001 assessment year, the income limits given above will be adjusted based on the 2001 Social Security cost of living increase.

### **MEDICARE PREMIUMS**

For 2002 program applications, the bill requires income eligibility calculations to exclude annual 2001 Medicare premiums of \$600 for a single person and \$1,200 for married couples.

### **COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute Change of Reference  
Yea 47 Nay 0

Appropriations Committee

Joint Favorable Report  
Yea 47 Nay 0